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UNCLAS SECTION 01 OF 03 KATHMANDU 001234

SIPDIS

STATE FOR SA/INS AND DS/IP/NEA  
STATE ALSO PLEASE PASS USAID/DCHA/OFDA  
STATE ALSO PLEASE PASS PEACE CORPS HQ  
USAID FOR ANE/AA GORDON WEST AND JIM BEVER  
MANILA FOR USAID/DCHA/OFDA  
LONDON FOR POL/GURNEY  
TREASURY FOR GENERAL COUNSEL/DAUFHAUSER AND DAS JZARATE  
TREASURY ALSO FOR OFAC/RNEWCOMB AND TASK FORCE ON TERRORIST  
FINANCING  
JUSTICE FOR OFFICE OF THE DEPUTY ATTORNEY GENERAL/DLAUFMAN  
NSC FOR MILLARD  
SECDEF FOR OSD/ISA ALVERSON

E.O. 12958: N/A

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SUBJECT: UPDATE ON NEPAL'S MAOIST INSURGENCY, JUNE 26-JULY  
2, 2004

SUMMARY

1. Security forces reportedly thwarted Maoist plans to create "chaos" in the capital. Germany's envoy called for a quick resolution of the Maoist conflict to improve Nepal's economic development. Nepal's UN Chief said the UN "would not take any initiative" for dialogue with the Maoists, and said the Maoists were not "legitimate." Maoist supremo Prachanda threatened to take up "more violent means" if the Government of Nepal (GON) prevents UN mediation. In an open letter to Prachanda, Amnesty International (AI) deplored the "gross human rights violations" committed by the Maoists, and urged the insurgents to respect humanitarian laws. Thirty-one rebels were killed in various encounters with security forces this week. Maoists reportedly killed three security personnel and 11 civilians. Maoists continue to attack infrastructure, vehicles and non-governmental organizations. End Summary.

MAOISTS' BIG HIT THWARTED

2. The security forces reportedly foiled an attempt by Maoists to create "chaos" in Kathmandu with the use of improvised explosive devices (IED) attached to motorcycles. On June 25, Royal Nepal Army (RNA) officials, acting on a tip, discovered literature, explosives, and homemade bombs in the northern and eastern parts of the Kathmandu Valley. RNA Brigadier General Netra Bahadur Thapa said the discovery "proved" that the rebels were planning to target high-traffic areas. RNA officials said no arrests were made, but soldiers are "keeping watch" on several suspects.

MAOIST CONFLICT SLOWING ECONOMIC DEVELOPMENT

3. On June 25, German Ambassador to Nepal Rudiger Lemp told an audience of businessmen that the Maoist conflict "has greatly aggravated" business and economic development in Nepal. Speaking at a function held by the Pokhara Chamber of Commerce and Industry, the envoy said resolving the Maoist conflict would create a more favorable climate for foreign aid and investment. Lemp also said his government was ready to invest in Nepal's private sector, but only after the political and security situation stabilizes.

UN RESIDENT COORDINATOR RULES OUT INTERFERENCE

4. On June 30, Matthew Kahane, UN Resident Coordinator in Nepal, said the UN has no plans of "interference" in settling the current conflict, and would not "take any initiative" to instigate dialogue with the Maoists. Conceding that the current situation in Nepal is "very serious" Kahane said it was important for both the Government of Nepal (GON) and the Maoists to "have mutual respect for each other," despite the UN's refusal to recognize the Maoists as "legitimate." Kahane said the UN would support "national efforts" to bring peace to Nepal.

PRACHANDA WARNS OF MORE VIOLENCE

5. On July 1, Maoist supreme Prachanda issued a press statement warning of "more violent means" if the GON continues to dismiss inviting the UN to facilitate dialogue between the GON and his party. Prachanda accused the GON of inviting more bloodshed with "false propaganda." He also reiterated his party's demand for a round-table conference, interim government and constituent assembly.

## AI CHALLENGES PRACHANDA

16. On July 1, Amnesty International (AI) in an open letter to Prachanda challenged the Maoists to uphold their public claims of adhering to the Geneva Convention, and to stop killing civilians. AI deplored the torture and killing of civilians, and the "gross human rights violations" committed by the insurgents. The letter condemned the abductions and torture committed by Maoist cadres, and the impact the violent insurgency has had on children.

## MAOISTS KILLED

17. Thirty-one Maoists reportedly were killed in separate encounters with the security forces this week: eighteen in the western district of Arghakhanchi on June 29 and June 30; four in the central districts of Bara, Sindhuli and Sarlahi on June 27; and two in the western districts of Bardiya and Kanchanpur also on June 27. On June 25, two insurgents were killed in the eastern district Bhojpur, and in the mid-western district of Banke. On June 26, two more were killed in the central districts of Nuwakot and Dhanusa. On that same day, three were killed in the far-western district of Kailali.

## MAOISTS KILL SECURITY PERSONNEL

18. On July 30, more than six security personnel were injured in Maoist-planted landmine in the mid-western district of Dailekh. On June 25, Maoists shot dead a policeman and injured another in the mid-western district of Banke. On the same day, a Royal Nepal Army (RNA) soldier was killed by insurgents in the eastern district of Morang. On June 29, a security officer was killed in the western district of Arghakhanchi. On June 27, two security personnel were injured by crossfire in Sindhuli district.

## MAOISTS CONTINUE ATROCITIES

19. On June 26, one child was killed and two children injured when a grenade carried by a Maoist exploded in the far-western district of Kanchanpur. One insurgent also died and two civilians suffered injuries. On that same day, the insurgents killed another civilian in the central district of Sarlahi. On June 25, Maoists shot dead a civilian in the eastern district of Dhankuta, and a teacher and student were killed in the western district of Lamjung when a Maoist-planted bomb exploded on the premises of the school. On June 24, Maoists killed a nephew of former Prime Minister Surya Bahadur Thapa in the eastern district of Dhankuta, after accusing him of spying on the Maoists. Another civilian was shot dead by the insurgents in the western district of Gorkha on June 22.

110. On June 27, four civilians and three security personnel were injured in a Maoist-laid mine explosion in the central district of Sindhupalchok. On June 30, four civilians, including two children, were injured in a Maoist-planted bomb explosion in the central district of Dhading.

111. On June 25, Maoists issued a press release announcing they were imposing a fee of USD 66 on tourists entering the Kanchanjunga Conservation Area (KCA) in the eastern district of Taplejung. The region is a popular tourist trekking route.

## MAOISTS DESTROY INFRASTRUCTURE; BOMB NGO

112. On June 25, Maoists set ablaze offices of six Village Development Committees (VDCs) in the eastern district of Siraha. On June 28, the rebels also bombed the office building of Backward Society Education (BASE), an NGO working for the cause of bonded laborers (Kamaiyas), in the far-western district of Kailali. The BASE official told emboff that the second floor of the building collapsed in the explosion, damaging a vehicle, computers and furniture. Damages are estimates at USD 33,333. In yet another incident, the insurgents reportedly torched a ranger post of the Royal Chitwan National Park in the central district of Chitwan on June 27. On the same day, the rebels also torched a truck transporting Coca Cola in the western district of Nawalparasi. On June 29, Maoists torched a vehicle belonging to the Soil Conservation Office in Dhading district, and also set fire to the Agriculture Service Center in Myagdi district. On July 30, Maoists torched the branch office of the Internal Revenue Department in Banke district.

## BOGUE